

# PRESIDENTIAL COMMISSION ON USPS

## USPS FUTURE: UNDER PRESIDENTIAL REVIEW

The president says do it. Study the role of USPS in the 21st century. How can the Postal Service thrive in an era of increasing diversion of mail volumes to electronic communications? How has the business environment changed through increased competition and changes in the marketplace? What is the status of government-provided mail service?

These are questions to be considered by the Commission on the U.S. Postal Service, established by President Bush. "Because the Postal Service touches every American and plays a crucial role in a \$900 billion domestic mail industry, we cannot afford to ignore these challenges," says White House spokesman Ari Fleischer.

The nine-member bipartisan commission will identify the operational, structural and financial challenges facing the Postal Service. It will examine potential solutions. It will recommend legislative and administrative steps to ensure the long-term viability of postal service in the United States. "The president recognizes that now is the time to reassess how the Postal Service should adapt to pressure from customers, competitors and technology, and best fulfill its mission in the 21st century," says Under Secretary for Domestic Finance Peter Fisher, who announced formation of the commission.

USPS welcomes the consideration of the future of America's postal system. "This commission has a historic opportunity to offer recommendations that will guarantee America has a postal system as

effective and dependable as today's — for many years to come," says PMG Jack Potter.

He says the basic economic assumptions of the USPS business model — that continued growth in mail volume and revenue would support continued infrastructure growth — is no longer valid. "Basically," he says, "volume growth is at risk from competition and technology, while the number of addresses and delivery points increase as the nation's population grows."

The commission will be co-chaired by James Johnson and Harry Pearce. Johnson is former chief executive of mortgage giant Fannie Mae who is now chairman of the Brookings Institution, a think tank in Washington, DC. Pearce is chairman of Hughes Electronics, the satellite-television company controlled by General Motors. The commission will submit its report to the president by July 31, 2003. The commission isn't charged with privatizing the U.S. Postal Service. Fisher said, "Our goal is not to privatize the Postal Service."

The PMG said the commission is consistent with — and complimentary to — the USPS Transformation Plan, to which Potter said the Postal Service remains committed.

"In the meantime, we will continue to aggressively manage the business," says Potter. "We will continue to add value to our products while focusing on service and efforts to control costs."

The commission will do its job. We'll continue to do ours — deliver the mail.

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White House spokesman  
Ari Fleischer

## 2002: A TOUGH YEAR, BUT A GOOD ONE

Prudence busted the myth that USPS could not manage its way through declining mail volumes. Prudent financial management can do wonders when your financial back is against the wall. "All told, we cut and avoided \$2.8 billion in costs by finding new solutions to old problems — new ways to do business and new ways to reduce costs," says PMG Jack Potter. "In 2002, we finally dispelled the myth that the Postal Service could not manage in a declining volume period! We did." And we did it with your help.

Here's the financial wrap-up for fiscal year 2002:

- Financial loss: \$676 million. (That's half of the initial forecast of \$1.35 billion.)
- Debt reduction: \$200 million. (Originally, USPS expected to increase debt by \$1.6 billion.)
- Total expenses: \$67.4 billion. (That's \$185 million below FY 2001 expenses.)
- Total revenues: \$66.7 billion. (An increase of \$819 million over 2001,

thanks to the settlement of the postal rate case and the early implementation of new rates.)

- USPS achieved cost reductions totaling \$1.45 billion during FY 2002. At the same time, the delivery network grew by 1.77 million addresses. Volume declined by 4.6 billion pieces, but total factor productivity was up 1.1 percent. Workhours were reduced 78 million, or 23,000 career employees, through attrition.

We ended the year with record First-Class service performance and among the highest level of customer satisfaction we've ever achieved.

Today, the Postal Service has about the same number of employees it had in 1995, even though USPS is delivering 22 billion more pieces of mail and has added 12 million more delivery addresses.

"Our financial and service progress of last year is part of our Transformation Plan," says Potter. And we'll keep it up this year.

## USPS NEWS HARDCOPY

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### Decontaminating Brentwood

More than a year after the anthrax attacks, decontamination of the Joseph Curse Jr. and Thomas Morris Jr. P&DC in Washington, DC, was set to begin Dec. 14. An Environmental Protection Agency decision paved the way for the fumigation of the Brentwood Road facility. It's been closed since Oct. 21, 2001, after it was determined that anthrax spores were released

into the air from two letters processed there. The letters were addressed to U.S. Senators Tom Daschle and Patrick Leahy.

USPS adapted the process used successfully to decontaminate the Hart Senate Office Building, where one of the letters was opened, to suit the scale of the Brentwood facility, which is roughly 170 times larger.

### It's a hit. Don't drop the ball.

They like it. They really do. Click-N-Ship at [www.usps.com](http://www.usps.com) is an around-the-clock hit with customers — especially during this holiday season. Click-N-Ship lets customers print shipping labels with postage right from the Postal Service website. They can use self-adhesive labels if they prefer. But they don't have to. They can print the labels on regular 8 by 11 paper — ordinary printer paper! They can also print shipping labels without postage.

With what services, you ask? Priority Mail, Express Mail, Global Express Mail and Global Express Guaranteed. All Priority Mail online shipping labels include either no-fee Delivery Confirmation or

reduced-fee Signature Confirmation. And, customers don't need to make a trip to the post office. They can give their packages to their carrier. Or, domestic Express Mail and Priority Mail pieces with PC Postage service can be dropped, regardless of weight, in a collection box. This is because these customers have registered at [www.usps.com](http://www.usps.com) and paid for postage with a credit card.

Acceptance scans are not required for Priority Mail online labels. However, POS ONE and IRT have been programmed to recognize electronic rates for these items. Acceptance scans are required for all Express Mail, Global Express Guaranteed and Global Express Mail online labels. It's important for



postal employees to get to know Click-N-Ship and what its online labels look like. This is a win-win offering for USPS. It's easy for

customers to use and it grows revenue for your office. Check it out yourself at [www.usps.com/clicknship](http://www.usps.com/clicknship). It's a winner!

### INDUSTRYWATCH

#### Rates go airborne

USPS, FedEx and Airborne are raising rates in January. The increases are generally in the 3 percent to 4 percent range. "While the new rates sound fair and modest, the delivery companies are approaching accessoril fees with a much broader markup brush," reports The Motley Fool. "Both Airborne and FedEx will raise Saturday pickup and delivery surcharges by 25 percent to \$12.50." They charge for this?

#### Delivery, anyone?

Forget crowded shopping malls for the holidays. American consumers are flocking to online sites, reports CNET.com. It says shoppers spent \$6.2 billion online in November — up 22 percent from a year ago. The report cites a study that found bargain-hunting was a major impetus for online shopping — 40 percent of shoppers said that price was a key reason they went online. Many stores have been running special promotions on the Web, including free shipping deals. And this merchandise is often delivered by mail. Shop away, Americans.

### PREVENTIVE MEDICINE

USPS is offering employees potassium iodide tablets, with the possibility of a radiation emergency in mind. Participation is voluntary and each employee will be offered two pills. Stand-up talks are being conducted — and will continue — until all 750,000 employees have received the information they need to make an educated decision about whether to take the tablets in the event of a radiation emergency.

Employees who want to participate will sign a form and the pills will be held at their work location. Distribution will be made only if

notification of a radiation emergency is received from government officials.

This proactive approach comes after a recommendation from the Postal Service's Mail Security Task Force. The task force, formed after Sept. 11 and the anthrax mailings, consists of representatives from postal unions and management associations and USPS management. Earlier this year, the Nuclear Regulatory Commission revised a section of its emergency preparedness regulations requiring that states having a population within a specific radius of a nuclear reactor consider using potassium iodide as a protective measure to supplement evacuation and sheltering in a radiation emergency.

### QUOTABLE

*"The commission has the opportunity to build on the achievements made possible by the Postal Reorganization Act of 1970 before America faces a postal crisis."*

PMG Jack Potter

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USPSNEWSHARDCOPY

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# USPSNEWSHARDCOPY

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